

3 STEPS TO

*Conquering*

THE \$4.5 TRILLION  
GLOBAL  
COMMERCE  
MARKET



## 3 STEPS TO CONQUERING THE \$4.5 TRILLION GLOBAL COMMERCE MARKET

Global e-Commerce spending reached an estimated **\$2.29 trillion in 2017**, a 23.2% increase over 2016 sales, according to data from eMarketer. This total is expected to nearly double to **\$4.48 trillion** by 2021.

Cross-border commerce will continue to play a significant role in this growth. In 2015, the online cross-border market accounted for **\$300 billion** in gross merchandise value (GMV), representing **15%** of global e-Commerce sales, according to DHL. By 2020, cross-border commerce is expected to account for approximately \$900 billion in GMV, translating into approximately **22%** of the global e-Commerce market.

Retailers eager to get their share of this growing international market need to consider a number of factors before finalizing their investments:

- Translation and localization are vital to delivering **contextual content**;
- Marketplaces can provide a gateway for retailers, even large ones such as **Aldi**, to enter new markets;
- Mobile is the preferred method of shopping in major emerging markets such as **China, Indonesia, Nigeria** and **India**.

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- DHL



## LANGUAGE TRANSLATION, LOCALIZATION DELIVER CONTENT WITH CONTEXT

Language and cultural differences may appear to be relatively simple to manage compared to other variables when selling internationally, but they still are easy to bungle without proper research beforehand.

"Once you leave the U.S. and you introduce other countries to your brand, you have to understand the culture of your customers, and even the different language barriers," said Natalie Kotlyar, Leader of the Retail and Consumer Products Practice at BDO in an interview with *Retail TouchPoints*. "For example, the word 'napkin' in the U.S. refers to a napkin you put on the table, but in the UK the same word, or 'nappy,' means a diaper. Something even as simple as that needs to be thought out very carefully when a company does decide to take e-Commerce on a global scale."

Thus, language translation and localization are key to managing a retailer's overseas online presence, applying to marketing programs, product descriptions or additional content designed for the web site. For example, an American sporting goods web site might show children playing baseball as the "hero image" at the top of the page, but localization would ensure that the French version of that site would show children playing soccer (football, in global terms).

Businesses should take the approach of translating sites with the "minimum viable content," said Juliana Pereira, VP of Marketing at Smartling, meaning the least amount of content needed to create a seamless user experience.

"You don't have to translate all 2,000 products on your site into Spanish," Pereira said in an interview with *Retail TouchPoints*. "If the test fails, that would be a big waste of money. Ask them 'What are the top 50 products of your catalog that the Spanish market is buying?' Let's start with translating those. Let's translate the checkout flow and one campaign such as an email and landing page with a specific offer to that market. That's going to be a lot cheaper than translating every page on the site. You could see if having those products translated into that language increases conversion rates, sales or site traffic."

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- NATALIE KOTLYAR,  
BDO



## SHINOLA TRANSLATES CONTENT IN SEVEN LANGUAGES IN 15 COUNTRIES

**Shinola**, a U.S. based manufacturer of high-end watches, leather goods and bicycles, adopted translation and localization as part of its global strategy. The retailer wanted to coordinate the launch of international web sites with the opening of its first European store in London. In leveraging the Smartling Global Delivery Network, Shinola maintained quality content translations across seven different languages in 15 countries and increased site traffic and sales in these international markets.

Deployment of the Global Delivery Network took only two days and required just 30% of the bandwidth of one of Shinola's internal resources. This was a big win for Shinola — the retailer finished the deployment before it needed to publish any translated content. An alternative solution would have required at least four weeks for a senior developer and technical support to fully deploy. All translated content was ready in all seven languages within three months.

The content delivery network includes a customizable glossary and style guides, which enable the Shinola team to apply consistent brand management to content across different audiences. Additionally, the network offers in-platform communication that allows translators and project managers to collaborate on content related initiatives.

## MARKETPLACES GIVE RETAILERS THE GREEN LIGHT TO SELL GLOBALLY

Retailers looking to expand beyond their borders can sell on other channels, such as marketplaces, to reach different audiences. In fact, **60%** of online sellers will list their products on marketplaces or sell third-party products on their core commerce sites by 2020, [according to a report from Gartner](#).

"The large scale global marketplaces — **Alibaba** with Tmall and Taobao, **Amazon** being another and maybe **JD.com**, perhaps **Walmart** in the future — have very global aspirations," said Jack O'Leary, Analyst at PlanetRetail RNG in an interview with *Retail TouchPoints*. "They're trying to set up the smallest barriers possible to really make cross-border commerce work. You see Amazon investing a lot of money and going after a specific regulatory licensing to speed up fulfillment times for low-price goods shipped from China to the U.S. A lot of retailers and brands are opening up storefronts within the Tmall platform to access the large Chinese consumer base."

Even established retailers with massive store footprints are making the jump to marketplaces. For example, **Aldi** is entering China exclusively via Tmall, marking the first time the German grocer is entering a new market online.

**Aldi** is entering China exclusively via Alibaba's Tmall marketplace, marking the first time the German grocer is entering a new market online.



The supermarket fulfills China-based orders via suppliers in Australia, enabling the company to understand consumer behavior cost-effectively without having to go through the hurdles of Chinese regulations.

Marketplaces also can serve as gateways into the U.S. market. Up to 62% of Chinese online retailers sell goods on marketplaces operated by Amazon, according to a study from Payoneer. While 40% sell on AliExpress, Alibaba's international marketplace, another 28% sell on **eBay**.

"The idea for these retailers is the scale they're going to get by having a global seller base enhancing the assortment on their web sites, making it a one-stop shop," O'Leary said. "Additionally, there's a global consumer base of shoppers from around the world who have a desire to own international items. There's a ton of pent-up demand there. The first global marketplace that truly figures that out is going to reap massive rewards."

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- PAYONEER

# SMARTLING'S 2018 OUTLOOK ON WHAT'S IN STORE FOR GLOBAL COMMERCE



By Juliana Pereira,  
VP Marketing at Smartling

Global expansion isn't going anywhere. A recent survey commissioned by Smartling and conducted by IDG Research revealed that 98% of the 300+ multinational businesses surveyed plan to expand into new markets in 2018. This is made possible in large part by the easy availability of digital and cloud-based technologies that have allowed businesses to launch in global markets quickly and with little effort.

With this trend, we're seeing a number of technologies poised to transform the nature of global commerce. Many of these have been around awhile, but new applications are emerging that can improve the way we create delightful shopping experiences.

There's been a lot of buzz around artificial intelligence (AI) to the point that folks are beginning to roll their eyes at the term. But there are several compelling applications of the technology that shouldn't be dismissed. In 2018, increasingly more e-Commerce businesses will embrace AI-powered chatbots and automated customer service software. Customer service, quite simply, will become personalized service, which will naturally merge with

AI-driven recommendation engines to take personalization to new heights. Paired with machine learning, AR and VR will take a stronger hold in online and offline retail experiences. And what if those are combined with voice search and voice-activated shopping? The possibilities are endless.

The mountains of demographic, psychographic and behavioral customer data — all of which retailers already collect — will be scrutinized and compiled to better predict preferences and personal tastes. By better understanding the customer, smart businesses will be able to better forecast what new products to develop before the demand even manifests. This will have tangible implications for product planning and supply chain management teams that will require their own solutions involving AI-driven systems to boost required efficiencies.

Another area that's received a lot of attention over the last few years and that's gaining ground in commerce conversations is neural machine translation. For those of us in the localization and translation industry, this is nothing new. However, more businesses new to international expansion are recognizing the importance of AI-powered language translation of digital content. Many digitally-enabled consumer businesses will embrace neural machine translation as a starting point to test and explore the buying potential in emerging markets.

Blockchain will continue to make big waves in 2018. As Bitcoin becomes accepted more widely for online payments, global businesses will need

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to ensure proper localization of that user experience at checkout so shoppers in any country can easily transact with the currency of their choice, digital or otherwise. We're going to see a sharing economy for payments crop up as blockchain becomes more accessible and other technologies get layered on top to enable transactions, such as peer-to-peer payments on marketplaces. The most sophisticated retailers might start exploring innovative ways to apply blockchain technologies to cash back and rebate programs, and even roll out loyalty programs supported by the technology.



## MOBILE IS THE PREFERRED SHOPPING ROUTE FOR CHINA, INDIA AND INDONESIA

Retailers also should become familiar with the devices global consumers use to shop. Developed countries such as the U.S., UK, Canada, France and Germany have seen mobile shopping sales increase at annual rates ranging from 40% to 60%, but in emerging markets mobile is actually growing at an even faster pace, according to the [A.T. Kearney 2017 Global Retail Development Index](#).

In many emerging markets, mobile phones are the most affordable connected devices available to shoppers. As wireless technology spreads and prices for mobile devices and data plans drop, the Internet has become even more accessible and more affordable. For many consumers, phones' speed and accessibility make mobile the only online channel — a major difference from most developed markets, where there was a long path from desktops, to laptops, to smartphones.

The countries with the highest percentage of shoppers who prefer mobile shopping, according to the A.T. Kearney report, include:

- Indonesia (**83%**);
- China (**50%**); and
- Nigeria (**70%**);
- India (**50%**).
- Vietnam (**60%**);

"In some parts of the world, particularly Southeast Asia, most commerce happens through an app," said Jonathan Opdyke, Chief Strategy Officer at Criteo in an interview with *Retail TouchPoints*. "That's just the nature of how people use their phones and the fact that many of them don't have as much desktop access. It's also important to note that the Asia-Pacific (APAC) region isn't all created equal; there are very different markets. Japan's quite different from other parts of APAC — people there have had a history of purchasing through computers for a longer time than other countries. APAC is still an app-first market more than the other mature markets, but that's just the nature of how most people begin accessing the Internet."

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## FULFILLMENT, NATIONALISM POSE POTENTIAL BARRIERS TO OVERSEAS RETAIL SUCCESS

There are still many barriers to retailers seeking to expand globally in 2018, particularly in fulfillment. Shipments have to go through customs on international deliveries, and retailers have a more painstaking returns process.

“Assuming that the company has the product that the customer is looking for, the challenge is: ‘How will it get there?’” Kotlyar said. “Many of these countries, even if they have millions of people that live there, don’t have the same type of infrastructure that other countries have. If we look specifically to India, the Middle East or Africa, these regions don’t always have established roads, streets and addresses, which poses a big challenge for e-Commerce companies as they try to perfect that last mile delivery. Perhaps the next step in the delivery process overseas is to have drone delivery via GPS system, where you don’t necessarily need roads per se.”

On top of fulfillment issues, nationalist sentiment — highlighted by **Brexit** and even the “America First” foreign policies in the U.S. — has created uncertainty about new market entry. Additionally, many existing local and regional retailers have become increasingly sophisticated in their marketing, product selection and fulfillment capabilities. All these factors are potential barriers to successfully competing in these markets, according to the Global Retail Development Index.

Expanding a retail business overseas, like any kind of domestic expansion effort, presents a calculated risk. Given that there are many retailers that haven’t made the leap to foreign soil, it is safe to say that there are still plenty of opportunities available. After all, **less than 1% of America’s 30 million companies export their products**, according to data from the International Trade Administration. However, merchants must research the language and culture of the region they desire to expand to, understand the different types of channels they can sell on and tap into the emerging mobile shopper, if they want to make the most out their international expansion efforts.

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**- THE INTERNATIONAL TRADE ADMINISTRATION.**





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Smartling helps ambitious brands access more markets, deliver better experiences, and build stronger relationships by transforming the way their content is created and consumed around the world. Our translation software and services prioritize process automation and intelligent collaboration so that companies can quickly and cost-effectively localize their websites, apps, and documents with minimal IT involvement.

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